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## Point/Counterpoint

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# Wagner's new concern should lead to action

By Robert P. Reeder

In the Delaware State News front-page article on Monday April 25, written by Joe Rogalsky, Republican State Auditor Thomas Wagner expressed his concern about the lack of accountability for non-profit agencies in their request for free taxpayer monies in the grant-in-aid process.

This obviously is a brand new concern for Auditor Wagner.

Almost three years prior to this new accountability concern by Wagner, his office was asked to investigate a politically connected nonprofit agency who admitted to having manipulated their grant-in-aid applications to the tune of hundreds of thousands of dollars.

That agency, who has as its vice president Speaker of the House Terry Spence, was discovered to be padding some of its virtually non-existent programs with monies received by a financially successful program in order to present to the



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Joint Finance Committee a more well-rounded image.

This false image practically assured the non-profit agency they would receive their requested taxpayer funds to the tune of more than \$50,000 dollars annually.

Now, for the rest of the story. Wagner's office permitted this politically connected company to use the excuse that for almost a decade these fraudulent applications for taxpayer monies were the fault of a lower level financial assistant who innocently was making

these grossly inaccurate, hundreds of thousands of dollars-worth, incorrect projections.

Wagner also expected the public to believe that for almost a decade the president and executive director of the company who signed the false applications were unaware of these gross miscalculations.

Just one example of many is in the year 2001 grant-in-aid application of this company on which Speaker Spence serves as vice president.

That 2001 grant-in-aid application identified income in one of its programs of \$331,308. After being exposed for submitting a fraudulent application, that amount was then changed to \$513,800, a difference of more than \$180,000 which originally was credited to other non-productive programs.

Wagner's office, which is supposed to be protecting the people's money, seemed to be protecting a fellow Republican's reputation at the expense of all taxpayers in Delaware.

If Wagner is truly concerned with the accountability of non-profit agencies in the grant-in-aid process, as he stated in the Delaware State News, then he needs to reopen this previous sham investigation by his office into a politically connected company.

*EDITOR'S NOTE: Robert P. Reeder is president of Delaware Defensive Driving, Inc. in Dover. He can be reached at 678-5644.*

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# Audit of Safety Council was performed fairly

By Nicholas Adams

On June 26, 2002, the Office of Auditor of Accounts received a request by the Controller General's Office, on behalf of two Delaware legislators, to conduct a review of the Delaware Safety Council. The basis for this audit was the allegation that the Delaware Safety Council's grant-in-aid applications and the yearly audited financial statements had major discrepancies.

Representatives from our office met with, and interviewed, the Safety Council's executive director and financial assistant. Our office obtained and reviewed the Safety Council's grant-in-aid applications and yearly audited financial statements for Fiscal Years 2000 through 2003.

In short, our review concluded that the discrepancies in the grant-in-aid applications submitted by the Delaware Safety Council were

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the result of their financial assistant "incorrectly using the [Council's] projected figures on the application and not revising the figures to reflect the audited figures. Through a workshop put on by the Controller General's Office in September 2001, the Council's financial assistant was made aware of this discrepancy and this situation was remedied."

The next application following this workshop, the FY 2002 application, was reviewed and correct figures were reported.

A similar issue happened again in FY 2002 when the financial assis-

tant incorrectly omitted an unrealized gain from the Council's FY 2002 application. The Controller General's Office notified the Council of this error, and it was subsequently corrected on the next application, submitted in FY 2003.

In summation, our review indicated that there were some reporting errors in the applications submitted by the Delaware Safety Council, but once the Council was made aware of these discrepancies, they took corrective action. There was no indication of fraud noted in the submission of these applications or in the completion of

any supporting documentation.

Mr. Reeder's insinuations and inferences of inappropriate behavior on behalf of the executive director and Speaker of the House Spence are unfounded and unwarranted. These unproven assertions by Mr. Reeder hint to a personal dissatisfaction in the fact that the Delaware Safety Council offers a real alternative to the services provided by his company.

I invite members of the public to view this report, or any report completed by our office, on our Web site, at [www.state.de.us/auditor](http://www.state.de.us/auditor).

The Office of Auditor of Accounts has a proud record of independence and fairness, and will continue to aggressively pursue fraud, waste, and abuse in state government.

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